



# NORTH CAROLINA GENERAL ASSEMBLY

Session 2019

## Legislative Fiscal Note

**Short Title:** Reduce Franchise Tax/Expand Film Grants.  
**Bill Number:** Senate Bill 578 (Second Edition)  
**Sponsor(s):**

### SUMMARY TABLE

	FISCAL IMPACT OF S.B. 578, V.2 (\$ in millions)				
	<u>FY 2019-20</u>	<u>FY 2020-21</u>	<u>FY 2021-22</u>	<u>FY 2022-23</u>	<u>FY 2023-24</u>
<b>State Impact</b>					
General Fund Revenue		(110.6)	(289.3)	(301.6)	(314.4)
Less Expenditures	-	-	-	-	-
<b>General Fund Impact</b>	-	<b>(110.6)</b>	<b>(289.3)</b>	<b>(301.6)</b>	<b>(314.4)</b>
<b>NET STATE IMPACT</b>	-	<b>(\$110.6)</b>	<b>(\$289.3)</b>	<b>(\$301.6)</b>	<b>(\$314.4)</b>

### FISCAL IMPACT SUMMARY

The fiscal impact results from the franchise tax reduction. The bill reduces the franchise tax rate from \$1.50/\$1,000 to \$1.29/\$1,000 effective for 2020 returns, and to \$0.96/\$1000 effective for 2021 returns. The bill also eliminates the 55% appraised value base.

### FISCAL ANALYSIS

The fiscal impact was estimated based on the consensus revenue forecast, adjusted for the reduction in tax rates. Additionally, the estimate incorporated an analysis of tax return data showing the number of filers and amount of tax collected by tax base.

### TECHNICAL CONSIDERATIONS

N/A.

### DATA SOURCES

NC Department of Revenue

### LEGISLATIVE FISCAL NOTE – PURPOSE AND LIMITATIONS

This document is an official fiscal analysis prepared pursuant to Chapter 120 of the General Statutes and rules adopted by the Senate and House of Representatives. The estimates in this analysis are based on the data, assumptions, and methodology described in the Fiscal Analysis section of this document. This document only addresses sections of the bill that have projected

direct fiscal impacts on State or local governments and does not address sections that have no projected fiscal impacts.

**CONTACT INFORMATION**

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Questions on this analysis should be directed to the Fiscal Research Division at (919) 733-4910.

**ESTIMATE PREPARED BY**

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Jonathan Tart

**ESTIMATE APPROVED BY**

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Signed copy located in the NCGA Principal Clerk's Offices